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NOTES AND MEMORANDA

WORKMEN'S INSURANCE IN GERMANY: SOME ILLUSTRATIVE FIGURES¹

THE question must have occurred to every one who has followed the German system of workmen's insurance, how great is the direct burden on the employer? To how great an expense in the way of compulsory contributions is he committed by the act of hiring his workmen? The non-German finds it not easy to get a specific answer to this question. The statutes and the administrative regulations tell him what are the rates of indemnity payable to workmen, and give some figures as to maximum rates of contribution. But it is difficult to find a summary statement showing exactly what the employer is in for when he hires his men, and just how much his wages bill is swelled by the insurance payments which the law compels him to make.¹

The figures which follow have been put at our disposal by Mr. Moritz Böker, manager of a large steel manufacturing company of Remscheid, Germany, the *Bergische Stahl-Industrie*. This establishment employed, in 1908, 1750 persons, of whom 1630 were workmen and 120 office employees ("Beamte"). The proprietary company, like so many others in Germany, maintains voluntarily a welfare department, in which systematic provision is made for savings (partly compulsory, partly voluntary), for first care of the injured, for aid in child-bed, for milk, house building loans, and the like. Moreover the office employees, not included

¹ Dr. R. F. Foerster of Harvard University has called my attention to two discussions of this subject which may prove of aid to those who have occasion to follow it. One is an article by Fabrikdirektor Greissl, in the *Jahrbuch für Gesetzgebung*, 1899, giving figures for a single year, chiefly as to brewing establishments. The other, more brief, by F. Somary, in the *Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung* (Vienna), 1906, gives one lump figure to show, by industries for one year, the amount of the employers' contributions to the three insurances.

CHARGES UPON THE "BERGISCHE STAHL INDUSTRIE"

I. Compulsory, as required by the *Workmen's Insurance Laws*

II. Voluntary

1	2	3	4	5	6	7	8	9	10	11
Year	Average earnings per workman (including 6% of young persons under 16)	Compulsory Contributions, per workman, by the Firm on Insurance Account					Voluntary Contributions, per workman.			
		Sickness	Accident	Old Age and Infirmary	Total	Per cent. of contributions to Wages	Ordinary, recurring annually	Extraordinary	Total (from the firm)	Per cent of voluntary contributions to wages
	Marks	Marks	Marks	Marks	Marks	Per cent	Marks	Marks	Marks	Per cent
1885	1080.	8.70	—	—	8.70	0.81	8.03	—	8.03	0.75
86	1093.	8.75	4.65	—	13.40	1.22	9.31	6.00	15.31	1.40
87	1093.	8.70	9.11	—	17.81	1.62	9.10	6.00	15.10	1.38
88	1189.	8.65	14.46	—	23.11	1.94	10.55	7.50	18.05	1.52
89	1220.	9.02	12.39	—	21.41	1.75	12.55	8.00	20.55	1.68
1890	1210.	9.35	13.24	—	22.59	1.85	23.73	—	23.73	1.96
91	1213.	9.23	13.11	—	30.93	2.55	25.00	—	25.00	2.06
92	1126.	9.55	13.10	8.59	31.25	2.78	19.01	—	19.01	1.69
93	1143.	9.60	13.33	8.60	31.49	2.75	23.99	—	23.99	2.10
94	1125.	9.65	13.85	8.56	32.07	2.85	25.00	3.50	28.50	2.53
95	1213.	9.62	13.55	8.57	31.67	2.61	23.03	—	23.03	1.90
96	1150.	9.65	12.35	8.49	30.49	2.65	31.22	—	31.22	2.35
97	1294.	9.50	11.20	8.60	29.30	2.26	35.90	110.00 ¹	141.22	12.35
98	1390.	9.95	11.44	8.40	29.79	2.14	37.95	56.00 ²	91.90	7.09
99	1465.	10.20	12.35	8.46	31.01	2.12	33.30	21.30	54.60	2.73
1900	1435.	10.10	13.05	8.50	31.65	2.21	36.62	10.00	46.62	3.25
01	1380.	10.08	20.35	8.39	38.82	2.82	37.75	21.80	59.55	4.31
02	1370.	9.93	22.49	8.42	40.84	2.99	41.00	10.20	51.20	3.74
03	1421.	9.95	24.80	8.42	43.35	3.05	24.02 ³	—	24.02	1.69
04	1449.	10.03	28.52	8.60	47.10	2.98	41.87	—	41.87	2.89
05	1519.	10.03	28.61	8.36	47.00	3.10	41.10	10.80	51.90	3.41
06	1573.	10.85	25.48	8.80	45.13	2.86	36.21	30.59	66.80	4.26
07	1655.	12.90	25.82	8.99	47.71	2.88	42.64	19.16	61.80	3.73
08	1633.	12.96	28.94	9.02	50.92	3.11	45.78	—	45.78	2.80
1908	1633.	* 26.20	—	* 9.02	* 35.22	* 2.16	* Amounts which the workmen had to contribute.			

¹ Endowment paid in for the workmen's pension, widow, and orphan fund.² Endowment paid in for the officials' pension, widow, and orphan fund.³ The workmen's pension etc., fund receives annually 14 per cent of total wages, out of the profits of the company. In 1903 there were no profits, consequently no contributions by the firm to this fund.

in the public insurance system, are cared for on similar principles by the firm's private insurance arrangements. Hence the figures include two sorts of payments by the firm, compulsory and voluntary. It is the former (indicated in columns 3, 4, 5, 6, 7) which most interest the non-German reader, since they indicate what is the extent of the obligations imposed on every German employer by the compulsory insurance system.

It is to be borne in mind that the figures state year for year only what is paid out by the firm, and do not include payments made, through deductions from wages, by the workmen themselves. But for a single year (1908) figures are given, by way of comparison, showing what the workmen themselves had to pay. In this year the average wages per workman were 1,633 marks; the amount paid out by the employer on compulsory insurance account was, per workman, 50.92 marks; and the amount contributed by each workman from his own resources (all through deductions from wages) was 35.22 marks. It will be remembered that the charges for accident insurance are carried entirely by the employer; hence in the workman's figures for the year 1908 contributions appear only under the heads of sickness and infirmity.

The average of wages has risen during the period covered (1885-1908) by about sixty per cent, — probably a fair gauge of the rise throughout Germany. The changes from year to year reflect the course of general industrial activity: a gradual rise in 1885-1896, then a sharp upward movement in 1897-1900, a decline for two or three years thereafter, and then another rise in 1904-07. The year 1908 was a bad one in Germany, as elsewhere, and a slight fall in wages appears, due to an unusual number of shut-downs.

The employer's total charges on compulsory insurance account, it will be seen, are now about three per cent of the stipulated wages. Each workman was called on to pay, in addition, a little over two per cent. That is, for every 100 marks paid out in wages, the employer must pay out 3.11 marks more on insurance account; and for every 100

marks of wages contractually due to a workman, he must submit to a deduction of 2.16 marks. The whole insurance system costs about five per cent of the wages; and who can doubt it is richly worth the cost?

F. W. T.

THE FINANCIAL RESULTS OF THE INCREMENT-TAX IN GERMAN CITIES

Two years ago an account was published in these columns of a new departure in municipal taxation — the taxation of the increase in the value of urban land by the cities of Germany.¹ Since the publication of that article official returns have been made showing the yield of the new tax in a number of the cities in which it has been adopted.²

In July of the present year the increment-tax was in force in fifteen of the forty-one German cities with a population of more than 100,000, and in at least forty-one smaller places.³ In the metropolis, Berlin, the *Magistrat* recommended the introduction of the tax over two years ago, but the influence of the House-and-Landowners' Association in the Municipal Council was sufficient to bring about the defeat of the proposal. The tax has, however, been introduced in several of the metropolitan suburbs. The following figures for six cities with a population of more than 100,000 are taken from a return for the thirty-two cities in which the tax went into force prior to the year 1908: —

Name of city (population in thousands)	Tax took effect	Yield (in thousands of marks)		Total Income ⁴ from all taxation (in thousands of marks)
		1906	1907	
Breslau (471)	June, 1907.	—	57	14,276
Cologne (429)	July, 1905.	287	385	12,133
Dortmund (175)	Sept. 1906.	109	159	4,934
Essen (231)	June, 1906.	90	172	5,963
Frankfurt (335)	Feb. 1904. ⁵	1,104	487	13,837
Kiel (164)	Aug. 1907.	—	76	3,636

¹ Vol. xxii, 83-108, (Nov., 1907). "The Taxation of the Unearned Increment in Germany," by Robert Brunhuber.

² Mitteilungen der Zentralstelle des Deutschen Städtetages, Nr. 20 (1909) 553-576.

³ Cf. *ibid.* Bd. ii, Sp. 70.

⁴ Neefe's Statistisches Jahrbuch Deutscher Städte, Jahrgang xiv, (1907).

⁵ The yield for 1904 was 68 and for 1905, 833 thousand marks.